

Economic Impact Statement

LSA Document #18-541

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

The Indiana State Board of Animal Health (BOAH) is requesting approval to amend its rules governing cervid health ([345 IAC 2-4.5](#); [345 IAC 2-7](#)). The first component of the proposed rule amends the BOAH rule governing brucellosis control in cervids. Brucellosis is a contagious disease of livestock and wildlife that has significant consequences for animal and public health and international trade. Bacteria of the genus *Brucella* cause the disease. Brucellosis occurs primarily in cattle, bison, and swine, although cervids, goats, sheep, and horses are also susceptible. The United States Department of Agriculture – Animal and Plant Health Inspection Service (USDA-APHIS) has cooperated with the livestock industry and state animal health authorities since 1934 to eliminate bovine brucellosis in the U.S.¹ Captive cervids have not been a part of the national bovine brucellosis surveillance efforts, which are focused on bovine slaughter surveillance activities.

In the absence of specific federal regulations for a captive cervid brucellosis program, many states have rules which include testing requirements for imported cervids and a voluntary certified brucellosis free program administered under state authority. One component of the proposed rule is to remove Indiana's requirement for cervids being moved into Indiana to either originate from a certified brucellosis free herd or meet certain import testing requirements. However, if a herd owner voluntarily participates in the certified brucellosis free program, those animals must meet certain testing requirements that are required in order to maintain their certified or monitored herd status.

This change is being proposed due to the decreased prevalence of the disease in cervids. The United States Animal Health Association (USAHA) recently adopted a resolution urging state animal health officials to eliminate interstate brucellosis testing requirements for cervids that originate outside the Greater Yellowstone Area. The reason for this resolution is largely due to the fact that, despite extensive testing that has occurred across the United States, no farmed cervid has been found to be infected with brucellosis in the last 20 years. Based upon this testing data, it is also important to note that the USDA-APHIS has indicated that they do not intend to proceed with a federal brucellosis rule that would include interstate movement requirements for cervids.

The second component of the proposed rule amends the BOAH rule governing chronic wasting disease (CWD). CWD is a transmissible spongiform encephalopathy (TSE) disease of certain members of the cervidae family. Transmissible spongiform encephalopathies (TSEs), also known as prion diseases, are a group of progressive, invariably fatal, conditions that affect the brain (encephalopathies) and nervous system of certain animals. CWD, discovered in 1967, has been found in 24 U.S. states and 2 Canadian provinces, and it has been spread in part by shipments of infected animals. Many species of cervids are susceptible, including elk, moose, and several kinds of deer. Infected animals typically begin showing signs such as weight loss, lethargy, and drooling 2 to 3 years after infection and then die within months.²

The state Chronic Wasting Disease rule ([345 IAC 2-7](#)) requires the enrollment of captive cervids in the CWD Registered Herd program that are designated by the board to be susceptible to CWD. In addition, the state administers a CWD Certified Herd program that aligns with requirements for the USDA-Animal and Plant Health Inspection Service (APHIS) National CWD Herd Certification Program (HCP). Indiana participates in this cooperative program with APHIS in order for Indiana cervid owners who wish to move animals interstate to be able to obtain a status authorizing such movement. The CWD programs include standards such as official identification, record keeping, fencing, and sampling requirements for captive cervids. The designation as CWD susceptible is also important because it impacts from which states and herds cervids may be imported into Indiana.

USDA-APHIS identifies CWD susceptible species based on scientific evidence of natural infection or experimental infections through intranasal and/or oral routes. Reindeer have historically been classified as nonsusceptible to CWD for import and program enrollment purposes by both USDA-APHIS and Indiana. However, recent studies and events have provided a credible body of evidence that reindeer should be recognized as CWD susceptible. It is important to further emphasize that, if a cervid species tests positive for CWD in a natural setting in contrast to an experimental situation, this is highly compelling evidence that the species is susceptible to CWD. This has recently occurred in reindeer in Norway in March of 2016 and Illinois in May of 2018, which have both experienced cases where reindeer have been found to be positive for CWD by natural infection. The proposed rule will designate reindeer (*Rangifer tarandus*) as a CWD susceptible species of deer that therefore would also be governed by the movement and other above-described requirements for susceptible species.

The third component of the rule is a technical correction related to CWD sampling requirements for hunting preserves. Under the state CWD Registered Herd program, hunting preserves are required to sample any cervid 12 months of age or older that dies for any reason on the preserve. The samples must be submitted no later than March 31 of the year immediately following the hunting season. The proposed rule makes no change to this

requirement, but merely adds a reference in the section of the rule that sets forth the actions the state veterinarian may take in the event of noncompliance with CWD samples submission rules.

1. Description of Affected Industry

Indiana has 346 deer herds in the state that would be impacted by the proposed rule. Indiana currently has 7 reindeer herds that would be affected by their reclassification as CWD susceptible. BOAH has worked to involve regulated entities in the development of the rule. For example, BOAH personnel attended the August 2018 Indiana Deer and Elk Farmers Association (IDEFA) meeting to update the members on this proposed rule change. BOAH also maintains interested party lists so subscribers can receive email or text updates regarding changes to regulatory programs of interest to them. BOAH staff use these opportunities to keep stakeholders informed on proposed rule changes. The affected industry includes small businesses under the definition at [IC 4-22-2.1-4](#).

2. Estimated Annual Reporting, Record Keeping, and Other Administrative Costs

The first component of the rule will ensure that Indiana deer herd owners are not subject to an unnecessary and burdensome import testing requirement that is not required under federal law. Therefore, it is actually reducing administrative costs for these herd owners because they no longer have to maintain and submit paperwork necessary to demonstrate their compliance with the brucellosis testing requirement.

The second component of the proposed rule amends the designation of reindeer from nonsusceptible to susceptible for CWD. This may increase annual reporting, record keeping, or other administrative costs for reindeer herd owners. There are currently 6 reindeer herds enrolled in a CWD program and 1 herd that is not yet enrolled that, with this rule change, would be required to enroll. Enrollment in the CWD program does entail an administrative requirement for the owner to maintain a herd inventory, but most owners are already maintaining records for their herds, so only minor adjustments are needed to make sure they are capturing the necessary information.

3. Estimated Total Annual Economic Impact on Small Businesses

This first component of the rule does not increase compliance costs for regulated entities. It potentially reduces compliance costs for regulated entities by eliminating a state requirement that is absent from the federal regulations. Although this repeal will present a cost savings to cervid owners that are importing cervids over 1 year of age into the state, the annual cost savings per herd owner is difficult to quantify. BOAH receives Certificates of Veterinary Inspection (CVIs) for these animal movements that include age information. Although this information is present in the agency database in order to rapidly respond to a disease event, it is not possible to run a query to extract the total numbers of animals that were imported that fall within this category.

BOAH does not expect that this repeal will significantly reduce testing activities in the state because most of Indiana's cervid herds participate in the voluntary certified brucellosis free program. However, there may be less herds participating in the voluntary program as other states continue to repeal their import testing requirement. BOAH approximates a per shipment cost savings of a \$65.00 farm call service fee, \$5.50 per head tested, \$17.00 submission and lab fees, and a \$40.00 veterinarian fee that may be higher depending on the number of animals.

The second component of the rule, adding reindeer as a CWD susceptible species, may increase compliance costs for regulated entities. The annual compliance costs of joining the CWD Registered Program are minimal and vary depending on the activities of that herd. The owner would need to apply official identification tags if the owner is moving reindeer, but in this situation the animals would need a tuberculosis test, so a veterinarian would already be applying an official tag. There is potentially a fence improvement cost if the herd is not already enclosed by an 8 foot fence, although 6 of the 7 herds are already in compliance with this standard.

This proposed rule would also limit all individuals seeking to move reindeer into the state to only importing from states that have not had CWD diagnosed within the 60 months immediately prior to the date of the proposed movement. Although this significantly limits the regions from which import is possible, this change in no way limits opportunities for in-state reindeer owners to engage in exhibition opportunities.

4. Justification of Requirements

a. Compliance with Federal and State Law

State law assigns the board the duty to control or prohibit the movement of animals into or within the state in order to prevent, detect, control, or eradicate diseases. [IC 15-17-3-13\(4\)](#). The second component of the proposed rule is necessary for the BOAH to carry out this duty because it is critical to protecting the health of the captive and wild deer populations in the state. According to a recent study, the economic footprint of deer and elk farming is significant for many rural counties in Indiana. The Indiana deer and elk farming industry had a total economic impact of \$49.3 million dollars in 2010. Since the study was conducted, Indiana has seen an increase in hunting preserves, which are the major demand driver for the breeding industry. This study found that over 95 percent of hunting preserve clients are from out of state, bringing dollars into Indiana.³ According to the most recent survey, resident and nonresident wildlife hunters spend approximately

\$222 million dollars in the state and support \$436 million dollars in sporting industry salaries and wages annually.⁴

If the BOAH does not proceed with the proposed rule, it would have negative consequences with regard to economic development. Adding reindeer as a CWD susceptible species reflects a shift in policy occurring at USDA and states across the country based on the best current science. As discussed above, the economic impact of the deer and elk farming industry is significant for the state's rural communities. Because the introduction of CWD into the state will inevitably have an adverse effect on the economic viability of both the captive and wild deer industries, it is critical that the state is keeping its deer health rules in line with the best current science to minimize the risk of transmission by animal movement.

b. Justification of Requirements not Mandated by Federal or State Law

The proposed rule does impose a requirement or cost beyond what is expressly required by federal or state law. However, as described above, it is the position of the BOAH that the inclusion of reindeer as a CWD susceptible species is critical to carrying out a statutory duty.

5. Regulatory Flexibility Analysis

Because the proposed rule does impose a requirement above the federal standards, BOAH did examine alternative approaches with regard to the designation of reindeer as CWD susceptible. BOAH staff is committed to developing alternative, market-based strategies to achieve objectives whenever possible. After discussions with stakeholders, it has been determined that the most straightforward approach to address the disease introduction risk is to simply add reindeer to the list of susceptible species under the CWD program. As mentioned above, most of the state's reindeer herds are already enrolled with the program, and it is a well-established program within the deer farming community. It is the position of the BOAH that making this adjustment to a program that has a history of helping deer owners engage in market opportunities is the best approach to balance the need to support their businesses with protecting the health of Indiana's deer population.

¹ United States Department of Agriculture, Bovine Brucellosis in Cervids:

<https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/animal-disease-information>

² United States Department of Agriculture, Chronic Wasting Disease:

<https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/animal-disease-information>

³ *Economic Impact of the Deer and Elk Farming Industry in Indiana*, Dr. John Lee, PhD, Agricultural Economist, Alicia English, PhD candidate, Agricultural Economist, November 2011.

⁴ *National Survey of Fishing, Hunting, and Wildlife-Associated Recreation*, U.S. Fish and Wildlife Service and U.S. Census Bureau; *Sportsman's Economic Impact Report*, Congressional Sportsmen's Foundation, 2011 data.

Posted: 02/20/2019 by Legislative Services Agency

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